



CHESTERFIELD COUNTY ADMINISTRATIVE POLICIES AND PROCEDURES

Department: Human Resource Management
Subject: Employee Recognition Program

Policy Number: 6-14
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I. INTRODUCTION

- A. **Scope** – This administrative procedure provides basic guidelines for the administration of the county's Employee Recognition Program and is applicable to all county employees.
- B. **Policy Statement** – It is the policy of Chesterfield County to encourage all employees to fully participate in providing the best service to our customers, thereby making Chesterfield County a First Choice Community Through Excellence In Public Service. Toward this end, the county will recognize individuals and teams who demonstrate exceptional customer service, continuous improvement, and/or teamwork.
- C. **Responsibilities**
 - 1. ***Human Resource Management***
 - a. Has the overall responsibility for this program.
 - b. Assists departments in the interpretation and execution of this program.
 - c. Reviews the program to incorporate changes as necessary.
 - d. Provides status reports to the Leadership Group.
 - 2. ***Accounting-Payroll*** – Determines tax effect of reward on employee pay.
 - 3. ***Department Directors/Office Administrators***
 - a. Use this policy as a framework to develop recognition programs within their departments which are tailored to the needs of their employees.
 - b. Ensure that recognition and rewards are fairly and uniformly administered based on merit.
 - c. Ensure that deserving employees are recognized in a timely manner to enhance the impact of the recognition.
 - d. Ensure that adequate funds exist to cover any monetary recognition and proper account codes are used.
 - 4. ***Supervisory/Managerial Employees*** – Assist Department Directors/Office Administrators in ensuring that employees receive appropriate recognition.
 - 5. ***Peers*** – Recognize each other for team and individual efforts.

II. RECOGNITION GUIDELINES

- A. **Criteria** – There are numerous reasons for recognizing employees. They include, but are not limited to the following:
 - 1. Providing exceptional customer service
 - 2. Identifying areas of monetary savings
 - 3. Exemplifying county values
 - 4. Identifying a process improvement
 - 5. Initiating productivity enhancements
 - 6. Being innovative/creative

7. Performing a special act or service above normal duties
8. Excellence in safe work practices
9. Identifying loss prevention methods

B. Recognition Principles

1. Every employee deserves some form of appreciation throughout the year, even if only a verbal or written thank you from a supervisor.
2. In order for recognition to be meaningful it must be linked to desired behavior and be timely.
3. Appropriate public recognition can enhance its impact, e.g. at a staff meeting.
4. Generally, the nature of the reward is less important than the gesture of recognizing the employee.
5. Recognition should take into account what is meaningful to the person being recognized.
6. Every employee has a responsibility to ensure that actions that merit recognition are brought to the attention of a supervisor.
7. Recognition should never become an entitlement or expected compensation.
8. Recognition of any type must be fairly and equitably spread throughout an organization.
9. Both team and individual recognition are important.
10. For cross-functional, inter-departmental teams, Department Directors/Office Administrators must ensure that any rewards and recognition given is consistent and equitable for all team members.

C. Types of Recognition – There are a variety of ways to recognize employees. Examples of methods currently being used by county departments and other employers are provided in ATTACHMENT I. Recognition should be commensurate with the reason it is being given. In determining the type of recognition, the behavior being encouraged should be identified and the reward should be meaningful to the recipient.

D. Documentation – Employee recognition should be documented during the year and incorporated in the annual review process. Documentation can be forwarded to HRM at the time of recognition, or may accompany the employee's annual performance evaluation. Multiple small awards may be summarized in a memorandum. Documentation should contain the following:

1. Name or names of all employees recognized
2. Form of recognition
3. Employee's actions or activities that warranted recognition
4. Dates that actions occurred and that recognition was given

E. Appropriate Ceremony – Supervisors should recognize employees in an appropriate ceremony or gathering and should take every opportunity to publicly say thank you and to publish names and events, if appropriate.

F. Timeliness of Recognition – Every attempt should be made to recognize employees as close as possible to the action for which they are being recognized. Recognition loses its impact the longer it is delayed.

G. Non-discretionary Awards

Any agreed upon or incentive award related to production, efficiency, attendance, quality or some other measure of performance is considered a non-discretionary award. The amount of

this award must be included in the regular rate of pay of the recipient for the period in which it was earned. This rate of pay is used to calculate any overtime pay due a non-exempt employee.

An example of a non-discretionary award would be promising an employee or team of employees an award if they meet a specific goal. Departments shall provide documentation of non-discretionary awards to accounting-payroll. Accounting-payroll will determine the effect of the award on the recipient's regular rate of pay, and calculate and pay any additional amount due the employee.

III. CASH AWARD RECOGNITION

All full time and part time county employees are eligible to be nominated for cash awards, except for executives and department directors. The Nomination for Cash Awards form is automated and available on HRM's intranet site. Two types of cash awards are authorized. They are:

A. Celebrating Success Award

A Celebrating Success Award is a cash award given to recognize exceptional day-to-day accomplishments, taking on extra projects or implementing innovative ideas that significantly improve customer service. Awards may be given to teams or individuals and are designed to provide timely recognition for outstanding performance.

Individuals or teams may be nominated for an award by supervisors, co-workers or customers. Nominations are made by completing an award form and submitting it to the nominated employee's department director, with a copy to the employee's supervisor. Nominations should be submitted as promptly as possible, normally within one month of the date of the specific accomplishment. There is no limit on the number of awards an individual may receive during the fiscal year.

The Department Director/Office Administrator or designee will determine the award value based on the effort being rewarded, benefits derived and available funding. Award determinations should be made and communicated within one month of the date the nomination is received. Awards may range from \$50 to \$500, in increments of \$25.

B. First Choice Award

A First Choice Award is a cash award that recognizes effort which goes beyond expected job performance and rewards non-recurring or infrequently occurring exemplary efforts such as exceptional achievements and accomplishments, and/or development of new or modified business practices which significantly improve customer service, productivity and quality. Acts of heroism may also qualify as the basis for the First Choice Award.

To be nominated for an award the employee or team must demonstrate exceptional performance in customer service, efficiency, cost savings, innovation and/or quality improvement. Customers include internal and external customers.

Individuals or teams may be nominated for an award by supervisors, co-workers or customers. Nominations are made by completing an award form and submitting it to the nominated employee's Department Director/Office Administrator, with a copy to the employee's supervisor. Nominations should be submitted as promptly as possible, normally within one month of the date of the specific accomplishment. There is no limit on the number of awards an individual may receive during the fiscal year.

The Department Director/Office Administrator or designee will determine the award value based on the effort being rewarded, benefits derived and available funding. Award determinations should be made and communicated within one month of the date the nomination is received. Award amounts range from \$525 to \$5,000, in increments of \$25.

IV. OTHER MONETARY FORMS OF RECOGNITION

In many instances it may be appropriate to award individuals and/or teams with non-cash awards (gift certificates, lunches, tickets, etc.) rather than cash awards for incremental improvements and accomplishments. Requests for reimbursement or purchase for these awards must be sent to the Accounting Department (Accounts Payable) using the Employee Recognition Award Form. The Employee Recognition Award form is automated and available on HRM's intranet site. This form and account number 55970 should be used for any non-cash award, even if a purchase order is being set up or reimbursement from petty cash is being given. This form will ensure documentation for these expenditures is complete and will sustain public review. If your department has a special recognition program that purchases small items to have on hand, please indicate the name of the program in the Activities Recognized field. The department is responsible for tracking who receives these items. The records are subject to review by Accounting and Internal Audit.

All non-cash awards costing more than \$60 per person will be considered wages to the employee and included in their taxable income. The only exception is for length of service, safety, and personalized awards meeting specific criteria. If the award is taxable, Accounts Payable will forward a copy of the award form to Payroll. Payroll will withhold appropriate federal, state, FICA and Medicare taxes after the award date noted on the form.

V. COUNTY SERVICE RECOGNITION

Chesterfield County recognizes individuals for years of service in five-year increments, beginning at five years and extending up to thirty-five years. This recognition is in the form of a lapel service pin, engraved with the Chesterfield County seal and the number of years of service.

The date the employee began working with the county (whether in a full-time or part-time status regardless of breaks in service) is used to calculate the amount of service time. Both part-time and full-time employees are eligible. Those individuals who receive pins for twenty or more years of service may also receive a certificate of appreciation from the County Administrator. Service pins are ordered and presented on a departmental basis. The service pin request form is automated and available on HRM's intranet site.

Departments may also provide employees with other types of non-cash years of service awards. Some examples of service awards may include gift certificates, business catalog gifts, county logo items, etc. Service awards should not exceed the following total cost per individual (guideline only).

10 years	\$40
15 years	\$55
20 years	\$80
25 years	\$105
30 years	\$155

VI. LEVELS OF APPROVAL

It is the intent of this program to distribute as much decision making authority as possible to all levels of employees. The following tiered approach is provided as a guide. See ATTACHMENT I for other types of recognition that may be used at each tier.

Approved by:	Forms of Recognition:
Peer	Thank You Letter of Appreciation Assist with Job Duties

Approved by:	Forms of Recognition:
Department Director Designee(s)	Certificate of Recognition Celebrating Success Award Time Off (up to two hours) Other Non-Monetary Forms Other Monetary Forms
Department Director/Office Administrator	Any of the above First Choice Award Time Off (up to a full day)
Deputy County Administrator	Any of the above Time Off (more than one full day)

VII. TAX IMPLICATIONS

All cash awards (regardless of amount) are considered income for the employee and taxed accordingly. There are no exceptions to cash awards. When a non-cash award is given, the department must determine whether the award is taxable (included in the employee's wages) or non-taxable. If the award is determined to be taxable based on the following guidelines, the department should communicate this to the employee. The Payroll Section of the Accounting Department will withhold the applicable taxes.

As a general rule, all non-cash awards made to employees are considered wages and subject to FICA, Medicare, federal and state income tax withholding. Non-cash awards must be included in the income of the receiving employee at their fair market value. The four exceptions to this general rule are listed below:

- A. **De-minimis Fringe Benefits** – These are goods and services (not otherwise tax-free) that are not taxable because their value is so low that accounting for the benefits would be unreasonable or administratively impractical. Three conditions must be met in order for awards to be considered de-minimis.
 1. They must be given infrequently (not routine or expected)
 2. They must not be cash or cash equivalents (bonds, gift certificates that can be redeemed for cash or redeemed by different vendors, etc.)
 3. They must have an individual fair market value of \$60 or less
 4. *Examples of de-minimis benefits are:*
 - a. Occasional use of a copy machine
 - b. Occasional recognition events or dinners for employees (\$60 or less per person)
 - c. Occasional tickets to sporting events (\$60 or less)
 - d. Gifts provided for outstanding job performance (\$60 or less)
 - e. Gift certificates that cannot be redeemed for cash (\$60 or less)
- B. **Length of Service Awards** – These can be non-taxable to the employee if certain conditions are met. Please see ATTACHMENT II for details of these conditions.
- C. **Safety Awards** – These can be non-taxable to the employee if certain conditions are met. Managers, administrators, clerical employees and professional employees are ineligible to receive non-taxable safety awards. Please see ATTACHMENT II for other conditions.
- D. **Personalized (Engraved) Awards with a Cost of \$200 or Less** – For example, awards such as plates, plaques, bowls and frames that are engraved with the employee's name and/or accomplishment. These items are not considered taxable (even though their cost may exceed \$60) because their fair market value is deemed negligible due to the personal nature of the item.

Guidelines for determining taxability of non-cash awards are available on the Accounting Department's intranet site.

EXAMPLES OF REWARDS AND RECOGNITION

Non-monetary Forms of Recognition

Nominations for Employee of the year	Special Project
Meeting with County Administrator	Certificates for various accomplishments
Casual day	Spruce up work area
Choice of tasks	Positive Reports of Performance
Letter of appreciation	County Comments article
Preferential work space	Recognition at staff meetings
Department specific awards e.g., Police Medal of Valor	Verbal recognition
	Parking space
Memo to supervisor and director on performance of employee with copy of memo to employee	Certificate of recognition from peers

Monetary Forms of Recognition

New equipment	Retreat
Special celebrations	Balloons
Free lunch	Time off
Mugs	Work area improvements
Gift certificate	Software
Picnic in park	Extended lunch
Tickets to events	Gifts
Note pads, pens, calendars, etc.	Plaque
Training	T-shirts
First Choice Award	Conferences
Celebrating Success Award	

SERVICE AND SAFETY AWARD CONSIDERATIONS

Awards of tangible personal property given to employees for length-of-service or safety achievement are not considered employee income if the value of the award does not exceed limits specified in the Internal Revenue Code. The value limits are:

- A. \$400.00 per employee per year for all awards presented under a nonqualified plan; or
- B. \$1,600 per employee per year under a qualified written plan that does not favor highly compensated employees and that has an average benefit award of \$400 or less per employee over the year.

Service or safety awards must be awarded as part of a meaningful presentation and awarded under conditions and circumstances that do not create a significant likelihood of the payment of disguised compensation. In determining the \$400 average cost, awards of nominal value are not taken into account.

If the cost of the award is larger than the limits provided above, the employee must include in gross income the higher of (1) the amount by which the award's cost exceeds the limit (but not greater than the value of the award); or (2) the amount by which the value of the award exceeds the allowable limit.

There are limits on the number of service or safety awards that can be excluded from income.

A service award will not be excluded from employee income if it is received within the employee's first five years of employment or if the employee received a similar award (other than one of de-minimis value) during the current year or the preceding four years. A safety award will not be excluded from employee income if safety awards (other than those of de-minimis value) were granted during the year to more than 10% of the employees (excluding managers, administrators, clerical employees and other professional employees) or were granted to a manager, administrator, clerical employee, or other professional employee.